Half Yearly Financial Report
for the period ended 30 June 2012

KENMARE

Contents

Interim Management Report	1
Responsibility Statement	9
Independent Review Report to the Members of Kenmare Resources plc	10
Group Condensed Statement of Comprehensive Income	12
Group Condensed Statement of Financial Position	13
Group Condensed Statement of Changes in Equity	14
Group Condensed Cash Flow Statement	15
Notes to the Group Condensed Financial Statements	16

Overview

- Gross profit for H1 2012 up 218% to US$55.0 million from US$17.3 million in H1 2011
- Operating profit up 370% to US$47.0 million in H1 2012 from US$10.0 million in H1 2011
- EBITDA for the period up 182% to US$55.5 million from US$19.7 million
- Revenues up 95% to US$109 million from US$56 million
- H1 Ilmenite production of 276,600 tonnes, Zircon production of 23,600 tonnes
- H2 expected to show a significant improvement over H1 production volumes
- Successful equity raising of US$60 million, principally for Phase II Expansion
- Phase II Expansion scheduled for completion end of 2012

New Transhipment Barge, PEG

Interim Management Report

Kenmare Resources plc is pleased to report an operating profit for the first half of 2012 of US$47.0 million (2011: US$10.0 million) and EBITDA of US$55.5 million (2011: US$19.7 million). Revenues also increased to US$109.1 million (2011: US$56.0 million) based on the sale of 321,500 tonnes of final products (2011: 349,400 tonnes). These results are primarily a reflection of improved market conditions and a move towards market-based contracts.

Market

While not immune to global economic uncertainties the market for ilmenite has remained strong throughout 2012, despite softer market conditions for titanium dioxide pigment. While some titanium feedstock producers have experienced some reduction in demand for high grade feedstock, the ilmenite market has not been affected to the same extent as pigment producers reconfigure their feedstock mix to use higher levels of lower cost feedstock. Where ilmenite prices have been renegotiated mid-year, the majority of contracts have seen price increases. Sales of ilmenite on a spot basis, predominantly to China, are also holding up as demand from slag producers continues to remain strong. Substantially all of the projected production from the expanded Moma facility in 2013 has already been committed to customers.

While the market for zircon has been subdued this year, due to a downturn in construction activity in China and weaker economic conditions in Europe, Kenmare has continued to sell and ship all its production during the first half of the year. Furthermore prices have been agreed for shipments in early second half of 2012 at similar levels to the first half of 2012.

With the reduction of the Chinese inflation rate below targeted levels in recent months, there is increasing likelihood of stimulus measures being implemented by authorities to kick-start the construction sector, which should have a positive impact on market sentiment. Despite the current soft market conditions for zircon, there is industry consensus that the zircon supply/demand fundamentals remain favourable in the medium to long-term based on urbanisation trends in emerging economies and the limited additional supply of product coming to the market in the coming years.

Operations

Production in the second half of the year has improved and is expected to show a significant improvement on the first half of the year. As previously reported, production in H1 2012 was impacted by a number of factors, most notably working a challenging part of the ore body. In response, the Company has taken measures to reduce the impact of similar ore body issues. On 9 July 2012, the secondary supplementary dry-mining operation was commissioned and is now operational. This facility has a capacity of 1,000 tph, and combined with the first supplementary dry-mining operation, which was successfully ramped up in late H1 2012, provides a total capacity of 2,000 tph of supplementary feed to the Wet Concentrator Plant A (WCP A). The commissioning of these plants overcomes the difficulties associated with the dredging of clay rich ore experienced in the first half of the year, ensuring that sufficient ore supply is provided to the WCP A across a range of ore body conditions. Since June, dredge mining conditions and throughput rates have also improved.

Interim Management Report continued

Constrained HMC production in the first half of the year resulted in below capacity production of final products at the Mineral Separation Plant (MSP). While there will be some transitional interruptions to operations associated with Phase II commissioning and integration of expansion facilities to the main plant towards the end of this year, these are not expected to have a material impact on 2012 production. Full year 2012 production is forecast at 630,000 tonnes of ilmenite and 50,000 tonnes of zircon, of which approximately 20,000 tonnes will be a secondary zircon product.

Production	H1 2012	H1 2011
Heavy Mineral Concentrate (“HMC”)	386,200 tonnes	421,600 tonnes
Ilmenite	276,600 tonnes	323,700 tonnes
Zircon	23,600 tonnes*	19,800 tonnes

Shipments	H1 2012	H1 2011
Product Shipped	321,500 tonnes	349,400 tonnes

* Includes 11,100 tonnes secondary zircon product (H1 2011: nil tonnes)

The Company’s original transhipment vessel, the Bronagh J, went to dry dock for its five year refit in July. This was successfully completed and the Bronagh J has recently returned to site. The Company’s second transhipment vessel, the Peg, and its tug, the Sofia III, became operational prior to docking the Bronagh J, and has significantly increased transhipment capacity.

The Company, the Union (SINTICIM) and the workforce have reached a mutually acceptable agreement on remuneration for the next 12 months.

Expansion

The Company remains focused on completing the Phase II Expansion, which will increase capacity by 50%, with commissioning of the expansion plant scheduled to commence by the end of the year. Ramp up of the expanded facility to full production will be achieved during 2013, allowing Kenmare to take advantage of the structural shortage of feedstock supply. Substantially all of the 2013 projected production from Phase II has been committed.

The main focus of the expansion is now on-site erection of plant and infrastructure and the fabrication and delivery of the remaining pipe sections to site. Commissioning of the Phase II wet concentrator plant (WCP B), which is scheduled as the last major section of the project to be finished, is programmed to start in late December. As Kenmare has previously advised, site operations were hampered by dimensional inaccuracies in structural steel sections (strongbacks) delivered to site. These inaccuracies have been rectified on site to the satisfaction of Kenmare, but not without an impact on timetable. In order to maintain the schedule to commence commissioning by the end of the year, Kenmare has now brought an additional erection contractor on site and has partially de-scoped the existing contractor. The rectification of the strongbacks error, together with the cost of appointing a new contractor to recoup time lost and enable completion by the end of this year, has been included in the total capital cost estimate of US$350 million.

Financial Review for the six months ended 30 June 2012

Revenues for the period amounted to US$109.1 million (2011: US$56.0 million), arising from the sale of 321,500 tonnes (2011: 349,400) of ilmenite and zircon. The increase in revenue is due to improved market prices and the expiring of some legacy contracts in 2011. First half 2012 revenues were adversely impacted by lower production and the carry forward of approximately 80,000 tonnes of ilmenite at 2011 price levels.

Operating costs amounted to US$62.1 million (2011: US$46.0 million), including depreciation and amortisation of US$8.5 million (2011: US$9.7 million). The increase in operating costs was principally from higher labour and engineering costs, together with additional costs associated with dry mining. Included in other operating costs are freight, demurrage and distribution costs of US$5.4 million (2011: US$4.4 million), administration costs of US$1.9 million (2011: US$1.9 million) and a share-based payment expense of US$0.9 million (2011: US$1.0 million). The Group reported an operating profit for the period under review of US$47.0 million (2011: US$10.0 million). Adjusting total operating costs for depreciation of US$8.5 million (2011: US$9.7 million), total Group share based payments of US$1.4 million (2011: US$1.4 million), freight reimbursable by customers of US$1.4 million (2011: US$1.1 million), the cash operating cost for the period amounted to US$50.8 million (2011: US$33.8 million).

The gross profit for the period was US$55.2 million (2011: US$17.3 million). The increase in profit resulted from higher revenues as noted above.

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the period amounted to US$55.5 million (2011: US$19.7 million).

Net finance costs amounted to US$13.9 million (2011: US$14.4 million) and the Group reported a foreign exchange gain of US$5.7 million (2011: loss US$9.8 million), mainly based upon retranslation of Euro-denominated loans. The Group reported a net profit of US$38.8 million (2011: loss US$14.2 million) for the period.

During the period, additions to property, plant and equipment totalled US$69.5 million (2011: US$70.3 million). Capital expenditures related to existing operations amounted to US$16.7 million (2011: US$10.3 million). Expansion capital expenditure during the period was US$51.9 million (2011: US$60.0 million). There was development expenditure of US$0.9 million spent on a potential Phase III expansion of the mine. Inventory at the period end amounted to US$28.0 million (2011: US$29.6 million), consisting of mineral products of US$13.4 million (2011: US$17.9 million) and consumables and spares of US$14.6 million (2011: US$11.7 million). Trade and other receivables amounted to US$44.4 million (2011: US$12.8 million), of which US$31.7 million (2011: US$7.3 million) are trade receivables from the sale of mineral products and US$12.7 million (2011: US$5.5 million) is comprised of prepayments, insurance proceeds receivable and other miscellaneous debtors. Included in trade and other payables of US$23.2 million (2011:US$25.0 million) is US$1.6 million (2011: US$8.3 million) relating to expansion capital expenditure.

Interim Management Report continued

Bank loans at the end of the period amounted to US$319.4 million (2011: US$346.2 million). There were senior loan interest and principal repayments during the period of US$16.6 million (2011: US$19.6 million), interest accrued of US$13.3 million (2011: US$15.3 million) and a decrease in the Euro-denominated loans of US$4.4 million (2011: US$12.2 million) as a result of the US Dollar strengthening against the Euro during the period. The average interest rate on loans at the period end was 8.5%.

Cash and cash equivalents at 30 June 2012, amounted to US$35.1 million (2011: US$178.4 million), the reduction largely reflecting the investment in the expansion during the period. As detailed in Note 11 on 20 July 2012, 120 million new ordinary shares were issued by way of placing which raised US$60 million (£38.4 million) before expenses. The primary purpose of this equity raising was to fund additional Phase II Expansion costs, which will increase mine production capacity by 50%.

Corporate Social Responsibility

The Mine's health and safety record remains positive with a lost time injury frequency rate of 0.30 compared to the industry average of 0.39, representing a strong achievement by everyone working at the mine. Kenmare remains committed to providing a safe and healthy work environment for its employees.

The Kenmare Moma Development Association (KMAD) continued to support local communities during the period through its economic, social and infrastructure projects. Both existing and new income-generating projects received business training and support. In agreement with the District Education services, support was also provided for adult literacy training to over 230 adult learners. A multi-media centre was established in Topuito school which will facilitate computer training and offer the use of its computer, printing and photocopying facilities.

Further capacity building was carried out by the Mobile Clinic Team (MCT) in general health topics, and by Population Services International (PSI), a global health organisation, in HIV/AIDS prevention and treatment. Kenmare is also pleased that FMO, a shareholder and project lender, has confirmed continued funding support for the work of the MCT. KMAD completed construction of both a new classroom at Naholoco primary school and the nurses' houses at the new Health Clinic.

Outlook

The fundamentals of the Moma Mine's business remain strong in terms of the positive market outlook for our products, the large resource base and position as a low cost producer. With the onset of the Mine expansion to commence production in 2013, we are in a position to capture a greater share of the growing market for titanium feedstocks and zircon.

We have seen more than a threefold increase in ilmenite prices compared with 18 months ago in recognition of the tight supply/demand fundamentals. Zircon prices are at more than double the level of 18 months ago. While the near - term global economic environment remains uncertain, continued industrialisation, and the ensuing urbanisation taking place in emerging economies, are expected to support strong demand for products that consume titanium feedstocks and zircon.

Principal risks and uncertainties

The Group's business may be affected by risks similar to those faced by many companies in the mining industry. These include geological, political, operational and environmental risks and changes in the macroeconomic environment. There are a number of potential risks and uncertainties that could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected results. These risks are outlined below.

Commercial risks

The Mine's revenue and earnings depend upon prevailing prices for ilmenite and zircon, and to a lesser extent, rutile. If market prices were to fall or the Mine was unable to negotiate satisfactory pricing terms, this would have an adverse impact on the Mine's revenue generation, results of operations and financial condition. Senior management closely monitors market conditions and customer sales contracts and adjusts the contracting strategy to capitalise on expected market conditions.

Operational risks

The Mine is reliant on the continued successful operation of the marine terminal for the shipment of products. Limitations caused by weather conditions or if the marine terminal was damaged by extreme weather conditions or accident such that it became unusable for any significant period pending repair, the Mine would be unable to ship its products or would limit the amount which it could ship. In this situation, the Mine would be unable to meet its commitments to customers which could result in ocean freight penalties and a reduced level of cashflow which would have an adverse effect on the Mine's results of operations and financial condition.

In addition, the Group's customers depend upon ocean freight to transport products purchased from the Mine. Disruption of ocean freight as a result of any impact of piracy or other events could temporarily impair the Group's ability to supply its products to its customers and thus could adversely affect the Group's results of operations and financial condition. The Group has developed a policy to manage the threat of piracy near the marine terminal.

Financing risks

The development of the Mine has been partly financed by the project loans. The Group's ability to meet its debt service obligations will depend on the cashflow generated from operations. The Mine's cashflow, in turn, depends primarily on the Mine's ability to achieve production targets, product pricing and cost efficiencies. Failure to achieve these targets could result in insufficient funds to meet scheduled interest and principal repayments which would result in an event of default. Senior management monitors achievement of targets and cashflow to ensure sufficient funds are available to meet scheduled repayments.

Currency risks

The Group's loans are denominated in US Dollars and Euro. At 30 June 2012, the loan balance was US$319.4 million, comprising US$168.3 million denominated in US Dollars and US$151.0 million denominated in Euro. The loans are due to be repaid in installments between 2012 and 2019. All the Group's sales are denominated in US Dollars. Euro-denominated loans expose the Group to currency fluctuations realised on payment of interest and principal on Euro-denominated loans.

Interim Management Report continued

Senior management regularly monitors and reports to the Board on these currency risks. The Board has determined that the Group's current policy of not entering into derivative financial instruments to manage the loan-related currency risks continues to be appropriate in light of the length of and payment profile over the loan repayment period.

Group operating and capital costs are denominated in US Dollars, South African Rand, Mozambican Metical, Euro, Sterling, Australian Dollars and Singapore Dollars. Currency fluctuations in these currencies will impact on the Group's financial results.

To date the operating and expansion capital currency exposure was managed by adjusting the currencies in which the cash used to fund such expenditure is deposited. To the extent that future expansion capital costs will be financed by future cashflows the Group will consider entering into forward US Dollar/South African Rand transactions to match future expansion capital currency exposure.

Interest rate risk

Interest rates on the project loans are both fixed and variable. The variable rate basis is six month US Dollar LIBOR. All the Euro loans are fixed rate. The Group is exposed to movements in interest rates which affect the amount of interest paid on borrowings. As at 30 June 2012, 65% of the Group's debt (US$207.4 million) was at fixed interest rates and 35% (US$112.0 million) was at variable interest rates. Any increase in six month US Dollar LIBOR would increase finance costs and therefore have a negative impact on the Group's profitability. Senior management regularly monitors and reports to the Board on these interest rate risks. The Board has determined that the Group's current policy of not entering into derivative financial instruments to manage such risks continues to be appropriate in light of the length of the loan repayment period, the payment profile over the loan repayment period and the mix of fixed and variable rate debt.

Environmental risks

The Group is committed to managing its operations in accordance with applicable guidelines issued by the World Bank, MIGA, the African Development Bank and FMO, the environmental laws and standards in force in Mozambique, as well as its own policies. The Group also plans to apply IFC Performance Standards to the Mine. The Environmental Management Plan (EMP) for the Mine sets out the monitoring activities, management and training programs, reporting activities, auditing and mitigation measures that are required in order to identify and reduce any negative impacts of the Mine and to comply with applicable environmental laws and guidelines.

Health and safety risks

The Group is committed to conducting its business in a manner that minimises the exposure of its employees, contractors and the general public to health and safety risks arising from its operations. An accident or a breach of operating standards could result in a significant incident which would affect the Group's reputation, and the costs and viability of its operations for indeterminate periods. The Group's operations worked 3.3 million hours in the six months to 30 June 2012 (2011: 2.5 million hours), with 2 lost-time injuries to employees and contractors (2011: 1 lost-time injury). Malaria is a key health risk at the Mine and the Group continues to develop and implement programmes to minimise its impact on all personnel at the Mine. The Group will also continue to ensure that appropriate health and safety standards are maintained across all its activities.

Human Resources risks

The Group's success depends upon the expertise and continued service of certain key executives and technical personnel, including the Executive Directors. The loss of the services of certain key employees, including to competitors, could have a material adverse effect on the results of operations and financial condition of the Group. In addition, as the Group's business develops and expands, the Group's future success will depend on its ability to attract and retain highly skilled and qualified personnel, which is not guaranteed. Should key personnel leave or should the Group be unable to attract and retain qualified personnel, the Group's business, its results of operations and financial condition may be adversely affected. Certain Mine employees are represented by a union under a collective agreement. The Mine may not be able to satisfactorily renegotiate agreements when they expire and may face higher wage demands. In addition, existing labour agreements may not prevent a strike or work stoppage, which could have an adverse effect on the Group's earnings, financial condition and reputation.

Litigation risks

The Group may from time to time face the risk of litigation in connection with its business and/or other activities. Recovery may be sought against the Group for large and/or indeterminate amounts and the existence and scope of liabilities may remain unknown for substantial periods of time. A substantial legal liability and/or an adverse ruling could have a material adverse effect on the Group's business, results of operation and/or financial condition.

Political risks

The Mine is located in Mozambique, which has been politically stable for almost two decades. The Group has operated in Mozambique since 1987, and has executed a Mineral Licensing Contract and an Implementation Agreement which each contain provisions that provide certain protections to the Group against adverse changes in Mozambican law. Mozambique may, however, become subject to similar risks which are prevalent in many developing countries, including extensive political or economic instability, changes in fiscal policy (including increased taxes or royalty rates), nationalisation, inflation, currency restrictions and increased governmental regulations and approval requirements. The occurrence of these events could adversely affect the economics of the Mine and could have a material adverse effect on the results of operations or financial condition of the Group. Political uncertainty or government changes to fiscal terms covering the Mine's operations may discourage future investments which may impact the Group's ability to access new assets, potentially reducing future growth opportunities.

Delay or failure by the Group in implementing the expansion

Delay by the Group in implementing, or failure to complete, the expansion or an inability by the Group to achieve post-expansion production targets could have a material adverse effect on the Group's growth prospects. Successful implementation of the expansion is subject to various factors, many of which are not within the Group's control including the performance of the EPCM Contractor, suppliers and consultants and adverse weather conditions affecting access to the Mine.

Interim Management Report continued

In December 2011, Kenmare concluded an agreement with lenders which provided that, in addition to cash already available in the Group, up to US$65.0 million of operating cashflow plus US$15.5 million in capitalised management service fees may be applied to meet expansion capital costs. Any failure by the Group to implement the expansion as planned may have a material adverse effect on the results of operations and financial condition of the Group and the Group may be unable to capitalise on the increase in demand and prices anticipated by the Directors and may be unable to meet its commitments under the Project financing agreements.

Related party transactions

There have been no material changes in the related party transactions affecting the financial position or the performance of the Group in the period other than those disclosed in Note 10.

Going Concern

As stated in Note 1 to the condensed financial statements, the Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

Forward-looking statements

This report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

On behalf of the Board,

Managing Director Michael Carvill	Financial Director Tony McCluskey
21 August 2012	21 August 2012

Responsibility Statement

The Directors are responsible for preparation of the Half Yearly Financial Report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the Transparency Rules of the Central Bank of Ireland, and with IAS 34, Interim Financial Reporting as adopted by the European Union.

The Directors confirm that, to the best of their knowledge:

- The Group condensed financial statements for the half year ended 30 June 2012 have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union;

- The Interim Management Report includes a fair review of the information required by Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

- The Interim Management Report includes a fair review of the information required by Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007, being related party transactions that have taken place in the first six months of the current financial year and that materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board,

Managing Director Michael Carvill	Financial Director Tony McCluskey
21 August 2012	21 August 2012

Independent Review Report
to the Members of Kenmare Resources Plc

Introduction
We have been engaged by the Company to review the group condensed set of financial statements in the Half-Yearly Financial Report for the six months ended 30 June 2012 which comprises the Group Condensed Statement of Comprehensive Income, the Group Condensed Statement of Financial Position, the Group Condensed Statement of Changes in Equity, the Group Condensed Cash Flow Statement and related notes 1 to 12. We have read the other information contained in the Half-Yearly Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the group condensed set of financial statements.

This report is made solely to the Company's members, as a body, in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our review work, for this report, or for the conclusions we have formed.

Directors' Responsibilities
The Half-Yearly Financial Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half-Yearly Financial Report in accordance with the Transparency (Directive 2004/109/EC) Regulations, 2007 and the Transparency Rules of the Central Bank of Ireland.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The group condensed set of financial statements included in this Half-Yearly Financial Report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

Our Responsibility
Our responsibility is to express a conclusion on the condensed set of financial statements in the Half-Yearly Financial Report based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in Ireland. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the group condensed set of financial statements in the Half-Yearly Financial Report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 (IAS 34 –Interim Financial Reporting) as adopted by the European Union, the Transparency (Directive 2004/109/EC) Regulations, 2007, and the Transparency Rules of the Central Bank of Ireland.

Emphasis of Matter - Realisation of Assets

Without qualifying our conclusion, we draw your attention to the disclosures made in note 5 to the group condensed set of financial statements concerning the recoverability of Property, Plant and Equipment of US$775.2 million which is dependent on the successful development of economic ore reserves, successful operation of the Moma Titanium Minerals Mine ("Mine") including the expansion project and continued availability of adequate funding for the Mine. The group condensed set of financial statements do not include any adjustments relating to these uncertainties and the ultimate outcome cannot at present be determined.

Deloitte & Touche
Chartered Accountants
Dublin

21 August 2012

Group Condensed Statement of Comprehensive Income

For the six months ended 30 June 2012

	Notes	Unaudited 6 Months 30 June 2012 US$'000	Unaudited 6 Months 30 June 2011 US$'000	Audited 12 Months 31 Dec 2011 US$'000
Continuing Operations				
Revenue	**2**	109,127	56,042	167,485
Cost of sales		(53,946)	(38,724)	(97,498)
Gross profit		55,181	17,318	69,987
Other operating costs		(8,181)	(7,277)	(17,071)
Operating profit		47,000	10,041	52,916
Finance income		1,330	1,232	3,332
Finance costs		(15,200)	(15,651)	(31,748)
Foreign exchange gain/(loss)		5,663	(9,789)	(6,277)
Profit/(loss)before tax		38,793	(14,167)	18,223
Income tax credit		-	-	5,477
Profit/(loss) for the period/year		38,793	(14,167)	23,700
Attributable to equity holders		38,793	(14,167)	23,700
		Cent per share	**Cent per share**	**Cent per share**
Earnings/(loss) per share: basic	**4**	1.61c	(0.59c)	0.99c
Earnings/(loss) per share: diluted	**4**	1.60c	(0.59c)	0.98c

The accompanying notes form part of the condensed financial statements.

Group Condensed Statement of Financial Position
As at 30 June 2012

	Notes	Unaudited 30 June 2012 US$'000	Unaudited 30 June 2011 US$'000	Audited 31 Dec 2011 US$'000
Assets				
Non-current assets				
Property, plant and equipment	5	775,182	613,414	714,118
Deferred tax asset		5,477	-	5,477
		780,659	613,414	719,595
Current assets				
Inventories		27,989	29,647	25,846
Trade and other receivables		44,374	12,778	38,831
Cash and cash equivalents		35,141	178,435	77,256
		107,504	220,860	141,933
Total assets		888,163	834,274	861,528
Equity				
Capital and reserves attributable to the Company's equity holders				
Called-up share capital	6	196,388	195,988	196,347
Share premium	6	301,510	300,175	301,391
Retained earnings		18,799	(57,861)	(19,994)
Other reserves		19,059	15,639	17,610
Total equity		537,756	453,941	495,354
Liabilities				
Non-current liabilities				
Bank loans	7	192,293	241,982	213,523
Obligations under finance lease		1,675	1,913	1,810
Provisions	8	7,668	6,770	7,407
		201,636	250,665	222,740
Current liabilities				
Bank loans	7	127,059	104,224	113,585
Obligations under finance lease		253	189	221
Provisions	8	276	276	276
Trade and other payables		23,183	24,979	29,352
		150,771	129,668	143,434
Total liabilities		352,407	380,333	366,174
Total equity and liabilities		888,163	834,274	861,528

The accompanying notes form part of the condensed financial statements.

Group Condensed Statement of Changes in Equity

For the six months ended 30 June 2012

	Called-Up Share Capital US$'000	Share Premium US$'000	Capital Conversion Reserve Fund US$'000	Retained Earnings / (Losses) US$'000	Share Option Reserve US$'000	Total US$'000
Balance at 1 January 2011	195,830	299,860	754	(43,694)	13,349	466,099
Loss for the period	-	-	-	(14,167)	-	(14,167)
Share based payments	-	-	-	-	1,536	1,536
Issue of share capital	158	315	-	-	-	473
Balance at 30 June 2011	195,988	300,175	754	(57,861)	14,885	453,941
Profit for the period	-	-	-	37,867	-	37,867
Share based payments	-	-	-	-	1,971	1,971
Issue of share capital	359	1,216	-	-	-	1,575
Balance at 31 December 2011	196,347	301,391	754	(19,994)	16,856	495,354
Profit for the period	-	-	-	38,793	-	38,793
Share based payments	-	-	-	-	1,449	1,449
Issue of share capital	41	119	-	-	-	160
Balance at 30 June 2012	196,388	301,510	754	18,799	18,305	535,756

The accompanying notes form part of the condensed financial statements.

Group Condensed Cash Flow Statement

For the six months ended 30 June 2012

	Unaudited 6 Months 30 June 2012 US$'000	Unaudited 6 Months 30 June 2011 US$'000	Audited 12 Months 31 Dec 2011 US$'000
Cash flows from operating activities			
Profit/(loss) for the period/year	38,793	(14,167)	18,223
Adjustment for:			
Foreign exchange movement	(5,663)	9,789	6,277
Share-based payments	1,512	1,451	3,368
Finance income	(1,330)	(1,232)	(3,332)
Finance costs	13,693	15,651	30,333
Depreciation	8,476	9,662	18,801
Increase/(decrease) in provisions	59	(164)	384
Operating cash inflow	55,540	20,990	74,054
Increase in inventories	(2,143)	(5,029)	(1,228)
(Increase)/decrease in trade and other receivables	(5,543)	211	(25,847)
(Decrease)/increase in trade and other payables	(4,611)	9,438	3,983
Cash generated by operations	43,243	25,610	50,962
Interest received	1,330	1,232	3,332
Interest paid	(3,669)	(4,545)	(8,595)
Net cash from operating activities	40,904	22,297	45,699
Cash flows from investing activities			
Additions to property, plant and equipment	(71,176)	(70,184)	(169,823)
Net cash used in investing activities	(71,176)	(70,184)	(169,823)
Cash flows from financing activities			
Proceeds on the issue of shares	160	474	2,048
Repayment of borrowings	(12,966)	(15,069)	(28,093)
Decrease in obligations under finance lease	(280)	(280)	(564)
Net cash used in financing activities	(13,086)	(14,875)	(26,609)
Net decrease in cash and cash equivalents	(43,358)	(62,762)	(150,733)
Cash and cash equivalents at the beginning of period/year	77,256	238,515	238,515
Effect of exchange rate changes on cash and cash equivalents	1,243	2,682	(10,526)
Cash and cash equivalents at end of period/year	35,141	178,435	77,256

The accompanying notes form part of the condensed financial statements.

Notes to the Group Condensed Financial Statements

For the period ended 30 June 2012

1. Basis of preparation and going concern

The annual financial statements of Kenmare Resources plc are prepared in accordance with IFRSs as adopted by the European Union. The Group Condensed Financial Statements for the six months ended 30 June 2012 have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the Transparency Rules of the Central Bank of Ireland and with IAS 34 'Interim Financial Reporting', as adopted by the European Union.

The accounting policies and methods of computation adopted in the preparation of the Group Condensed Financial Statements are with the same as those applied in the Annual Report for the financial year ended 31 December 2011 and are described in the Annual Report.

In the current financial year, the Group has adopted all Standards and Interpretations which are effective from 1 January 2012. Adoption has resulted in no material impact on the financial statements.

The financial information presented in this document does not constitute statutory financial statements. The amounts presented in the Half Yearly Financial Statements for the six months ended 30 June 2012 and the corresponding amounts for the six months ended 30 June 2011 have been reviewed but not audited. The independent auditors' review report is on pages 10 and 11. The financial information for the year ended 31 December 2011, presented herein, is an abbreviated version of the annual financial statements for the Group in respect of the year ended 31 December 2011. The Group's financial statements have been filed in the Companies Registration Office and the independent auditors issued an unqualified audit report, with an emphasis of matter in the opinion, in respect of those annual financial statements.

There were no other gains or losses during the six months period ended 30 June 2012 other than those reported in the Condensed Statement of Comprehensive Income.

Based on the Group's forecasts and projections, the Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

2. Segmental information

Information on the operations of the Moma Titanium Minerals Mine in Mozambique is reported to the Group's Board for the purposes of resource allocation and assessment of segment performance. Information regarding the Group's operating segment is reported below.

	Unaudited 30 June 12 US$'000	Unaudited 30 June 11 US$'000	Audited 31 Dec 11 US$'000
Segment revenues and results			
Moma Titanium Minerals Mine			
Revenue	109,127	56,042	167,485
Cost of sales	(53,946)	(38,724)	(97,498)
Gross profit	55,181	17,318	69,987
Other operating costs	(5,855)	(4,585)	(11,931)
Segment operating profit	49,326	12,733	58,056
Central operating costs	(2,326)	(2,692)	(5,140)
Group operating profit	47,000	10,041	52,916
Finance income	1,330	1,232	3,332
Finance expense	(15,200)	(15,651)	(31,748)
Foreign exchange gain/(loss)	5,663	(9,789)	(6,277)
Profit/(loss) before tax	38,793	(14,167)	18,223
Income tax credit	-	-	5,477
Profit/(loss) for the period/year	38,793	(14,167)	23,700
Segment assets			
Moma Titanium Minerals Mine assets	867,750	657,483	783,791
Corporate assets	20,413	176,791	77,737
Total assets	888,163	834,274	861,528

3. Seasonality of sale of mineral products

Sales of mineral products are not seasonal in nature.

Notes to the Group Condensed Financial Statements (Continued)

For the period ended 30 June 2012

4. Earnings/(loss) per share

The calculation of the basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the parent company is based on the following data:

	Unaudited 30 June 12 US$'000	Unaudited 30 June 11 US$'000	Audited 31 Dec 11 US$'000
Profit/(loss) for the period/year attributable to equity holders of the parent	38,793	(14,167)	23,700

	Unaudited 30 June 12 Number of Shares	Unaudited 30 June 11 Number of Shares	Audited 31 Dec 11 Number of Shares
Weighted average number of issued ordinary shares for the purposes of basic earnings/(loss) per share	2,410,081,709	2,403,945,720	2,404,281,590
Effect of dilutive potential ordinary shares			
Share options	16,773,446	-	19,791,664
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	2,426,855,155	-	2,424,073,254

	Cent per share	Cent per share	Cent per share
Earnings/(loss) per share: basic	1.61c	(0.59c)	0.99c
Earnings/(loss) per share: diluted	1.60c	(0.59c)	0.98c

For the six months ended 30 June 2011, the basic loss per share and the diluted loss per share are the same, as the effect of the outstanding share options is anti-dilutive.

5. Property, plant and equipment

	Plant & Equipment US$'000	Other Assets US$'000	Construction In Progress US$'000	Development Expenditure US$'000	Total US$'000
Cost					
Balance at 1 January 2011	320,167	16,133	25,375	248,343	610,018
Transfer from construction in progress	4,741	230	(4,971)	-	-
Additions during the period	-	-	70,290	-	70,290
Balance at 30 June 2011	324,908	16,363	90,694	248,343	680,308
Transfer from construction in progress	17,875	117	(17,992)	-	-
Additions during the period	668	20	108,737	418	109,843
Balance at 31 December 2011	343,451	16,500	181,439	248,761	790,151
Transfer from construction in progress	1,134	2,047	(3,181)	-	-
Additions during the period	-	-	68,551	989	69,540
Balance at 30 June 2012	**344,585**	**18,547**	**246,809**	**249,750**	**859,691**
Accumulated Depreciation					
Balance at 1 January 2011	35,277	9,249	-	12,706	57,232
Charge for the period	5,267	905	-	3,490	9,662
Balance at 30 June 2011	40,544	10,154	-	16,196	66,894
Charge for the period	5,115	765	-	3,259	9,139
Balance at 31 December 2011	45,659	10,919	-	19,455	76,033
Charge for the period	4,940	807	-	2,729	8,476
Balance at 30 June 2012	**50,599**	**11,726**	**-**	**22,184**	**84,509**
Carrying Amount					
Balance at 30 June 2012	**293,986**	**6,821**	**246,809**	**227,566**	**775,182**
Balance at 30 June 2011	284,364	6,209	90,694	232,147	613,414
Balance at 31 December 2011	297,792	5,581	181,439	229,306	714,118

Notes to the Group Condensed Financial Statements (Continued)

For the period ended 30 June 2012

5. Property, plant and equipment (continued)

During the period the Group carried out an impairment review of property, plant and equipment. The cash generating unit for the purpose of impairment testing is the Moma Titanium Minerals Mine as this is the operating segment of the Group. The basis on which the recoverable amount of the Moma Titanium Minerals Mine is assessed is its value-in-use. The cash flow forecast employed for the value-in-use computation is a life of mine financial model. The recoverable amount obtained from the financial model represents the present value of the future pre tax, pre finance cash flows discounted at the average effective borrowing rate of the Moma Titanium Mineral Mine of 8.5%. Due to the specific nature of project borrowings the borrowing rate is used as a proxy for the market rate.

Key assumptions include the following:

- A mine plan based on the Namalope and Nataka proved and probable reserves.
- The cash flows assume ramp-up to expanded production levels during 2013. Expected annual production levels at full capacity pre-expansion are approximately 800,000 tonnes of ilmenite per annum plus co-products, zircon and rutile. Expected annual production levels at full capacity post-expansion are approximately 1.2 million tonnes of ilmenite per annum plus co-products, zircon and rutile.
- Product sales prices are based on contract prices as stipulated in marketing agreements with customers, or where contracts are based on market prices or production is not presently contracted, prices as forecast by the lenders' independent marketing consultant.
- Operating and capital replacement costs are based on approved budget costs for 2012 and escalated by 2% per annum thereafter and reflecting post-expansion costs from 2013 onwards.

As a result of this review no impairment provision is required. The discount rate is the significant factor in determining the recoverable amount and a 1% change in the discount rate results in a 8% change in the recoverable amount.

Substantially all the property, plant and equipment is or will be mortgaged, pledged or otherwise encumbered to secure project loans as detailed in Note 7.

Included in Construction in Progress is US$25.4 million relating to capital projects for existing operations and US$221.4 million relating to expansion capital. The carrying amount of the Group's plant and equipment includes an amount of US$1.3 million (2011: US$1.4 million) in respect of assets held under finance leases.

The amount committed for expansion capital at 30 June 2012 is US$122 million (2011: US$183.5 million).

Expansion development costs incurred during the period before the expansion assets are capable of operating at production levels in a manner intended by management are deferred and included in property, plant and equipment.

5. Property, plant and equipment (continued)

The recovery of property, plant and equipment is dependent upon the successful development of economic ore reserves and the successful operation of the mine including the mine expansion project and continued availability of adequate funding for the mine. The Directors are satisfied that at the balance sheet date the recoverable amount of property, plant and equipment is not less than its carrying amount and based on the planned mine production levels that the Moma Titanium Minerals Mine will continue to achieve positive cash flows from operations.

6. Share capital

Share capital as at 30 June 2012 amounted to US$196.4 million (2011: US$196.0 million). During the period, 0.5 million ordinary shares in Kenmare Resources plc were issued as a result of the exercise of share options. US$0.04 million of these issues have been credited to share capital and US$0.1 million to share premium.

7. Bank loans

	Unaudited 30 June 12 US$'000	Unaudited 30 June 11 US$'000	Audited 31 Dec 11 US$'000
Senior loans	119,490	147,952	133,054
Subordinated loans	199,862	198,254	194,054
Total loans	319,352	346,206	327,108
The borrowings are repayable as follows:			
Within one year	127,059	104,224	113,585
In the second year	39,425	41,028	39,750
In the third to fifth year	93,945	115,214	103,850
After five years	58,923	85,740	69,923
	319,352	346,206	327,108
Less amounts due for settlement within 12 months	(127,059)	(104,224)	(113,585)
Amount due for settlement after 12 months	192,293	241,982	213,523

Project loans have been made to the Mozambique branches of Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited (the Project Companies). The Project loans are secured by substantially all rights and assets of the Project Companies, and, amongst other things, the shares in and intercompany loans to the Project Companies.

Interest and principal on the subordinated loans is due to be paid each year in February and August but if cash is insufficient in the Project Companies on the scheduled payment dates, interest is capitalised and both interest and principal becomes payable on the next semi-annual payment date thereafter on which sufficient cash is available, in whole or in part, to the extent of available cash. Included in loan amounts due within one year is US$98.5 million (2011:US$74.8 million) in relation to subordinated loans. The final installments are due on 1 August 2019.

Notes to the Group Condensed Financial Statements (Continued)

For the period ended 30 June 2012

7. Bank loans (continued)

Bank loans at the period end amounted to US$319.4 million (2011: US$346.2 million). There were loan interest and principal repayments during the period of US$16.6 million (2011: US$19.6 million), interest accrued of US$13.3 million (2011: US$15.3 million) and a decrease in the Euro-denominated loans of US$4.4 million (2011: increase of US$12.2 million) as a result of the US Dollar strengthening against the Euro during the period. No new loans were received during the period.

The Company and Congolone Heavy Minerals Limited have guaranteed the Project loans during the period prior to Completion (achievement of both "Technical Completion" and "Non-Technical Completion"). The Expansion Funding Deed dated 5 March 2010 extended the final date for achieving Completion to 31 December 2013.

On 5 September 2011, Technical Completion was achieved. Non-Technical Completion occurs upon meeting certain financial, legal and permitting requirements, including filling of specified reserve accounts to the required levels. Upon Completion, the Company's and Congolone Heavy Mineral Limited's guarantee of the loans will terminate. Failure to achieve Non-Technical Completion by 31 December 2013 is an event of default.

Seven Senior Loan credit facilities were made available for financing the Moma Titanium Minerals Mine. The aggregate maximum available amount of the Senior Loan credit facilities was US$185 million plus €15 million which were fully drawn in 2008. The Senior Loan tenors range from 3 years to 6 years from 30 June 2012. Three of the Senior Loans bear interest at fixed rates and four bear interest at variable rates.

The original Subordinated Loan credit facilities (made available under documentation entered into in June 2004) with original principal amounts of €47.1 million plus US$10 million (excluding capitalised interest) were fully drawn in 2005. The Subordinated Loans denominated in Euro bear interest at a fixed rate of 10% per annum, while the Subordinated Loans denominated in US Dollars bear interest at six month LIBOR plus 8% per annum.

The Standby Subordinated Loan credit facilities (made available under documentation entered into in June 2005) with original principal amounts of €2.8 million and US$4 million were fully drawn in 2007. Standby Subordinated Loans bear interest at fixed rates of 10% per annum in respect of €2.8 million and US$1.5 million and at six month LIBOR plus 8% per annum in respect of US$2.5 million.

The Additional Standby Subordinated Loan credit facilities of US$12 million and US$10 million (made available under documentation entered into in August 2007) were fully drawn in 2008. The Additional Standby Subordinated Loans bear interest at 6 month LIBOR plus 5%.

Standby Subordinated lenders have an option to require that Kenmare Resources plc purchase the Standby Subordinated Loans on agreed terms.

Under the second Deed of Waiver and Amendment referred to above, interest margins on subordinated loans were increased by 3% per annum until Technical Completion and by 1% per annum until Completion. This additional margin is scheduled to be paid after senior loans have been repaid in full but may be prepaid without penalty.

7. Bank loans (continued)

Group borrowings interest and currency risk

Loan facilities arranged at fixed interest rates expose the Group to fair value interest rate risk. Loan facilities arranged at variable rates expose the Group to cash flow interest rate risk. Variable rates are based on six month LIBOR. The average effective borrowing rate at the period end was 8.5%. The interest rate profile of the Group's loan balances at the period end was as follows:

	Unaudited 30 June 12 US$'000	Unaudited 30 June 11 US$'000	Audited 31 Dec 11 US$'000
Fixed rate debt	207,392	229,966	213,017
Variable rate debt	111,960	116,240	114,091
Total debt	319,352	346,206	327,108

The fair value of Group borrowings of US$291 million has been calculated by discounting the expected future cashflows at prevailing interest rates and by applying period end exchange rates.

Under the assumption that all other variables remain constant and using the 6 month LIBOR, a 1% change in LIBOR would result in a US$1.1 million (2011: US$1.1 million) change in finance costs for the year.

The currency profile of the bank loans is as follows:

	Unaudited 30 June 12 US$'000	Unaudited 30 June 11 US$'000	Audited 31 Dec 11 US$'000
Euro	151,038	158,496	149,079
US Dollars	168,314	187,710	178,029
Total debt	319,352	346,206	327,108

The Euro-denominated loans expose the Group to currency fluctuations. These currency fluctuations are realised on payment of Euro-denominated debt principal and interest. Under the assumption that all other variables remain constant a 10% strengthening or weakening of Euro against the US Dollar, would result in a US$1.6 million (2011: US$1.9 million) change in finance costs and a US$15 million (2011: US$16 million) change in foreign exchange gain or loss for the year.

The above sensitivity analyses are estimates of the impact of market risks assuming the specified change occurs. Actual results in the future may differ materially from these results due to developments in the global financial markets which may cause fluctuations in interest and exchange rates to vary from the assumptions made above and therefore should not be considered a projection of likely future events.

Notes to the Group Condensed Financial Statements

For the period ended 30 June 2012

8. Provisions

	Unaudited 30 June 12 US$'000	Unaudited 30 June 11 US$'000	Audited 31 Dec 11 US$'000
Mine closure provision	4,704	4,209	4,502
Mine rehabilitation provision	1,800	1,726	1,737
Legal provision	1,440	1,111	1,444
Total provision	7,944	7,046	7,683

The mine closure provision was increased by US$0.2 million as a result of the unwinding of the discount and this is recognised as a finance cost in the income statement for the period. The mine rehabilitation provision was increased by US$0.06 million as a result of additional provision of US$0.1 million for areas disturbed net of US$0.04 million released for areas rehabilitated during the period. US$0.3 million (2011: US$0.3 million) of the mine rehabilitation provision has been included in current liabilities to reflect the estimated cost of rehabilitation work to be carried out over the next year.

9. Share-based payments

The Company has a share option scheme for certain Directors, employees and consultants. Options are exercisable at a price equal to the quoted market price of the Company's shares on the date of grant. The options generally vest over a three to five year period, in equal annual amounts. If options remain unexercised after a period of seven years from the date of grant, the options expire. The option expiry period may be extended at the decision of the Board of Directors.

During the period the Group recognised a share-based payment expense of US$1.5 million (2011: US$1.5 million). US$0.06 million (2011: US$0.08 million) of the share based payment was capitalised in property, plant and equipment during the period.

10. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the six months ended 30 June 2012, 12 million share options at a grant date fair value of US$5.2 million were granted to Executive Directors, the key management personnel of the Group. The share options are exercisable at a price equal to the quoted market price of the Company's share on the date of grant. The options vest after a three year period and on achievement of specific performance targets. US$0.05 million of the costs have been recognised in the period. Bonuses totalling US$1.1 million were granted to Executive Directors during the period. US$0.55 million of the bonuses are deferred until 2015 subject to the Director remaining in employment with the Company until this time. Non-Executive Directors were granted annual Directors' fees of US$0.5 million in total for remuneration of their services to the Company, Kenmare Resources plc.

Apart from existing remuneration arrangements and the matters noted above there were no material transactions or balances between Kenmare Resources plc and its key management personnel or members of their close families.

11. Events after the balance sheet date

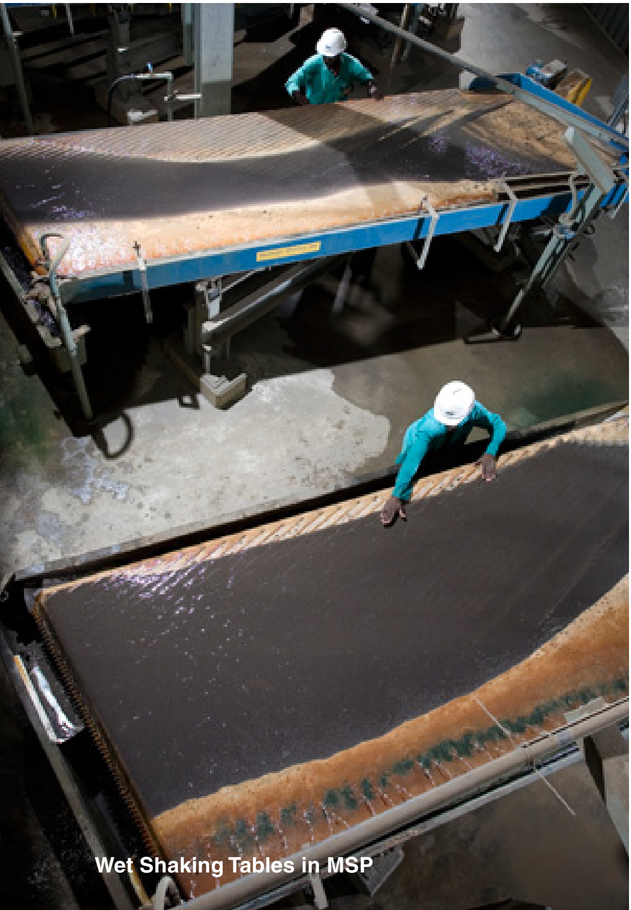
On 20 July 2012, 120 million new ordinary shares were issued by way of placing which raised US$60 million (£38.4 million) before expenses. The primary purpose of this equity raising was to fund additional expansion costs of the existing mine operations to increase production capacity from 800,000 tonnes per annum of ilmenite and co-products to 1.2 million tonnes per annum of ilmenite and co-products.

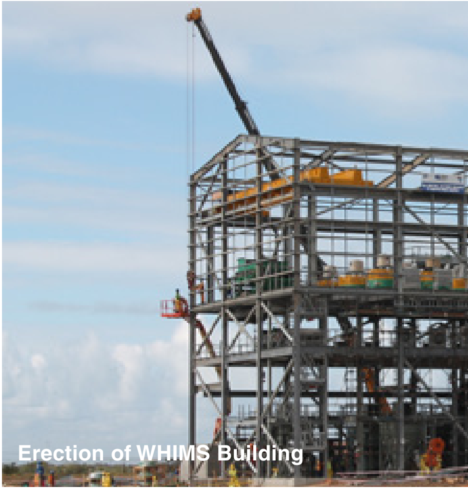
12. Information

The Half Yearly Financial report was approved by the Board on 21 August 2012.

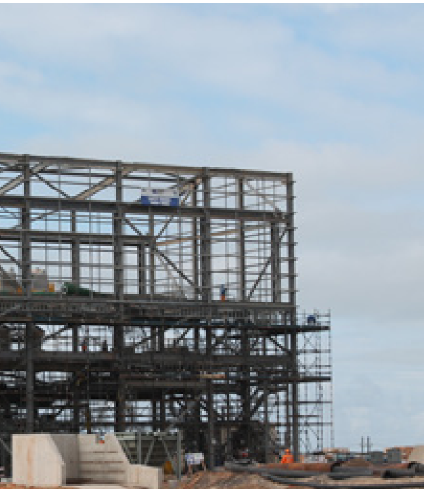
Copies are available from the Company's registered office at Chatham House, Chatham Street, Dublin 2, Ireland. The statement is also available on the Company's website at www.kenmareresources.com.


Dredges, Catarina & Mary Ann, & WCP A


Wet Shaking Tables in MSP

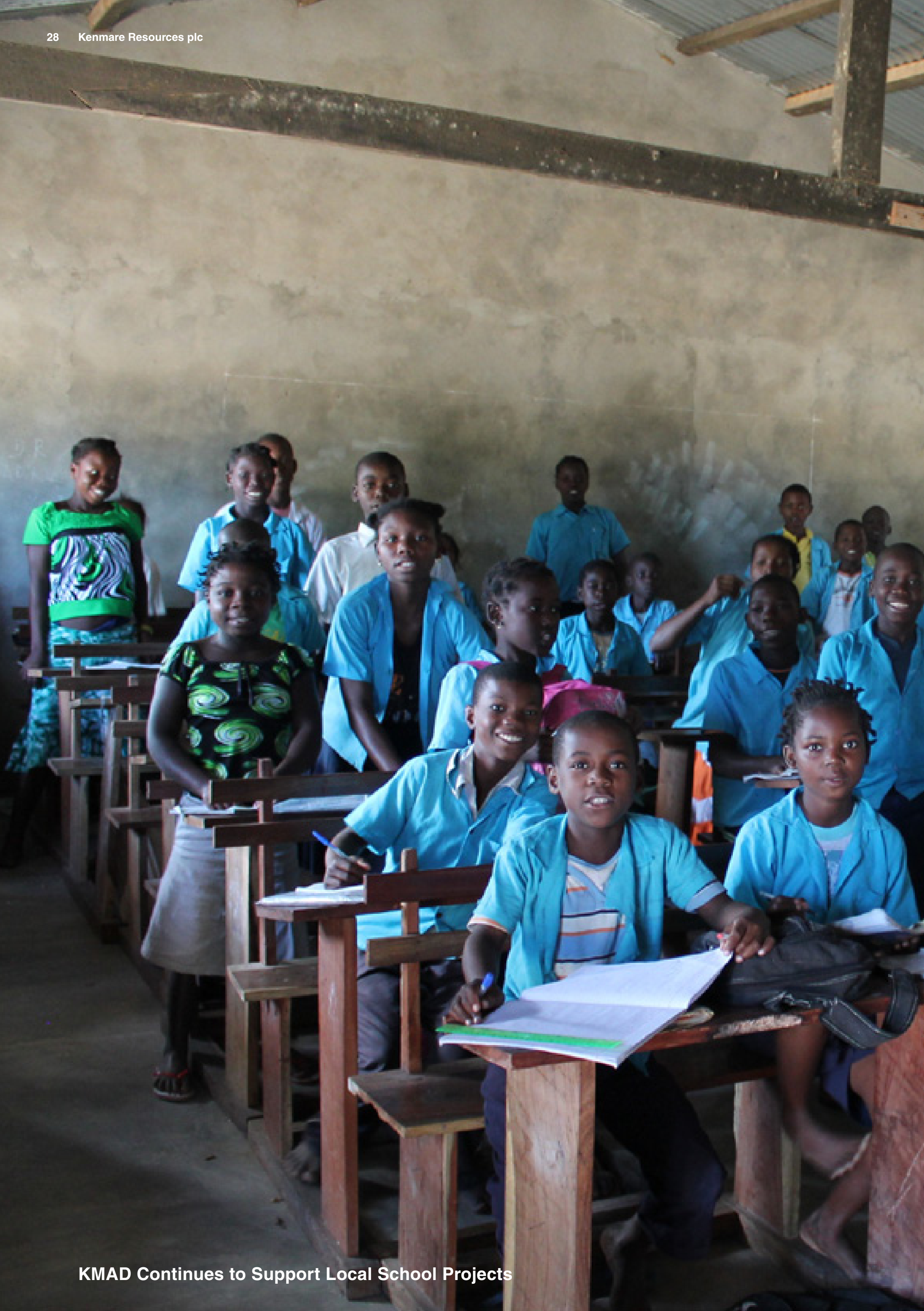

Erection of WHIMS Building


Supplementary Dry Mining Operation

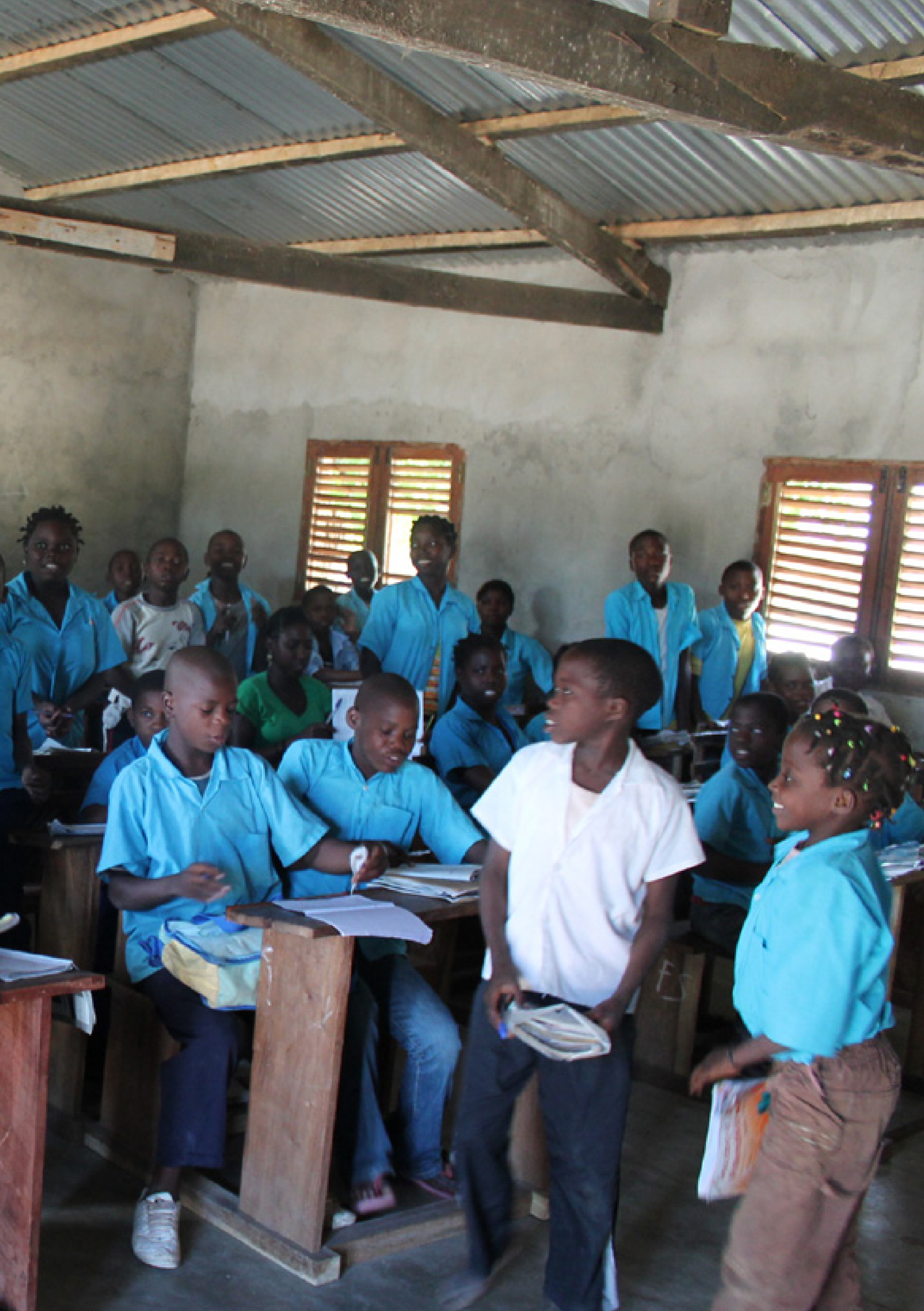


Partially Assembled WCP B

New Dredge in Mining Pond B



KMAD Continues to Support Local School Projects



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